

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL MEMORANDUM**

**SB 549 – HB 793**

May 21, 2009

**SUMMARY OF AMENDMENTS (006843, 008521):** Deletes all language after the enacting clause and prohibits a health insurer from retroactively denying a previously paid claim instead of recouping amounts previously paid to health care providers. Prohibits a successor health insurer from denying a claim if the claim was submitted within 180 days of the date the claim was denied by the original health insurer or the covered person did not receive prior approval, but the successor insurer would normally grant authorization for the services rendered. Exempts the Bureau of TennCare and the CoverKids program from the provisions regarding successor health insurers. Requires a policy of group accident and health insurance issued to an employer to contain a provision requiring the employer to notify the health insurer when any covered person ceases to be eligible for coverage. Prohibits any entity other than a health insurance entity or such insurance entity's agent that contracts with health care providers or is responsible for paying contracted or non-contracted health care providers from seeking to recover any payments made to those health care providers.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – Not Significant

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures – Not Significant**

**Foregone Local Revenue – Less than \$10,000**

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation could result in an increase in the cost of health insurance premiums by an amount that exceeds \$100,000 to cover the cost of claims that are currently being denied, either retroactively or at the time of submission.

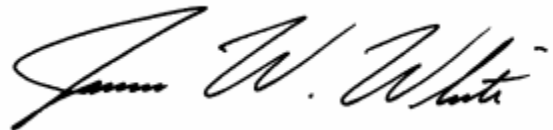
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Assumptions applied to amendments:

- The Department of Commerce and Insurance is currently responsible for the administration and enforcement of retroactive denials and recoupment by insurance companies. Changes to the standards in which recoupment may occur will not result in a significant increase in expenditures for the Department.
- Enforcement of standards will be done as a result of complaints by providers that insurers are not complying with the requirements of the proposed legislation.
- Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- The Metropolitan Nashville Public School System (MNPS) provides a self-insured health plan for its employees. In March 2008, MNPS contracted with an entity to perform overpayment identification and recovery for its health care claims. Since the inception of the contract, the vendor has recovered approximately \$2,368 and has found approximately \$600,000 in overpayments that can be recovered.
- Article I, Section 20 of the Constitution of Tennessee prevents any law from impairing the obligations of existing contracts. This bill, if enacted, therefore would not apply to the MNPS contract or any other existing contracts. It would prevent local governments from entering into future contracts for these services, resulting in forgone revenue to local governments.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

/kml